

## Duke's Fuqua School of Business / CFO Magazine Global Business Outlook

### Results for 9 Chinese firms (own-firm changes expected during the next 12 months)

|   | Sept 2018                                | Jun 2018                                 | Mar 2018                                 | Dec 2017                                 | Sept 2017                                |
|---|--|--|--|--|--|
| <b>Weighted Averages for</b>                          | <b>Expected growth in next 12 months</b> | <b>Expected growth in next 12 months</b> | <b>Expected growth in next 12 months</b> | <b>Expected growth in next 12 months</b> | <b>Expected growth in next 12 months</b> |
| <b>Earnings growth*</b>                               | 4.5%                                     | 7.5%                                     | 2.4%                                     | -3.0%<br>Median=-1.5%                    | -8.7%<br>Median=2.1%                     |
| <b>Capital spending</b>                               | 17.8%<br>Median=29.6%                    | 7.4%<br>Median=6.7%                      | 9.1%                                     | 2.1%                                     | 11.3%                                    |
| <b>Advertising and marketing spending</b>             | 9.2%                                     | -2.4%<br>Median=0%                       | 16.2%                                    | 1.8%                                     | 1.7%                                     |
| <b>Technology spending</b>                            | 5.8%                                     | 10.0%                                    | 11.2%                                    | 3.0%                                     | 12.2%                                    |
| <b>R&amp;D spending</b>                               | 5.4%                                     | 8.9%                                     | 5.7%                                     | 3.1%                                     | 2.5%                                     |
| <b>Employment – full-time</b>                         | 4.3%<br>Median=8.6%                      | -1.9%<br>Median=-0.9%                    | 3.4%                                     | 1.4%                                     | 1.6%                                     |
| <b>Wages and Salaries</b>                             | 4.4%<br>Median=1.9%                      | -2.6%<br>Median=-0.9%                    | 4.9%                                     | 0.4%                                     | 6.6%                                     |
| <b>Inflation (Chg in prices of own-firm products)</b> | -0.3%                                    | 2.5%                                     | 2.5%                                     | 2.8%                                     | 3.2%                                     |
| <b>Health Care Costs</b>                              | 11.4%                                    | 0%                                       | 6.4%                                     | 1.0%                                     | 0.6%                                     |
| <b>Revenue</b>  | 7.4%                                     | 4.1%                                     | 22.9%<br>Median = 9.0%                   | 8.7%                                     | 5.0%                                     |

\* indicates public firms only. All other numbers are for all survey respondents (including private)

### Chinese BUSINESS OPTIMISM

|   | Sept 2018  | Jun 2018   | Mar 2018  | Dec 2017  | Sept 2017   |
|---|--|--|---|---|---|
|   | <b>Compared to last qtr.</b>                     | <b>Compared to last qtr.</b>                       | <b>Compared to last qtr.</b>                        | <b>Compared to last qtr.</b>                        | <b>Compared to last qtr.</b>                        |
| <b>Optimism about the country's economy</b> | More opt: 0%<br>Less opt: 77.8%<br>No chg: 22.2% | More opt: 9.1%<br>Less opt: 63.6%<br>No chg: 27.3% | More opt: 35.7%<br>Less opt: 21.4%<br>No chg: 42.9% | More opt: 53.3%<br>Less opt: 13.3%<br>No chg: 33.3% | More opt: 31.6%<br>Less opt: 31.6%<br>No chg: 36.8% |
| <b>Country optimism level</b>               | 59.8   | 58.8   | 65.8  | 75.2  | 62.1  |
| <b>Optimism about own company</b>           | More opt: 0%<br>Less opt: 44.4%<br>No chg: 55.6% | More opt: 9.1%<br>Less opt: 36.4%<br>No chg: 54.5% | More opt: 35.7%<br>Less opt: 35.7%<br>No chg: 28.6% | More opt: 35.7%<br>Less opt: 35.7%<br>No chg: 28.6% | More opt: 26.3%<br>Less opt: 31.6%<br>No chg: 42.1% |
| <b>Own company optimism level</b>           | 65.9   | 65.5   | 66.3  | 72.1  | 62.6  |

### Top Concerns for Chinese Businesses

- Economic uncertainty
- Rising wages and salaries
- Employee productivity
- Attracting and retaining qualified employees
- Currency risk
- Weak demand for products/services
- Government policy
- Cost of borrowing
- Access to capital
- Data security